

**OFFICE OF CONSUMER ADVOCATE**

**DIRECT TESTIMONY**

**OF**

**BRIAN W. TURNER**

**INTERSTATE POWER AND LIGHT COMPANY  
DOCKET NO. FCU-2016-0011**

**November 14, 2016**

1 **Q: Please state your name and business address.**

2 A: Brian W. Turner, 1375 East Court Avenue, Des Moines, Iowa 50319.

3 **Q: By whom are you employed and in what capacity?**

4 A: I am the Chief of the Technical Bureau in the Office of Consumer Advocate  
5 (OCA), a division of the Iowa Department of Justice.

6 **Q: Please explain your educational background and your work experience.**

7 A: I received a Bachelor of Arts degree in December 1981 from the University of  
8 Northern Iowa majoring in Management with an emphasis in Finance. In July  
9 of 1982, I joined the staff of the Iowa State Commerce Commission (n/k/a the  
10 Iowa Utilities Board or IUB). In June of 1989, I transferred from the IUB staff  
11 to the OCA as a Utility Specialist. In 2011, I accepted the position of Chief of  
12 the Technical Bureau.

13 Since 1982, I have testified in many electric, natural gas, telephone,  
14 depreciation, fuel procurement, complaint, energy efficiency cost recovery  
15 proceedings, and wind energy rate principle cases. I have also attended  
16 numerous programs and seminars including many programs and meetings  
17 sponsored by the National Association of Regulatory Utility Commissioners  
18 (NARUC) and the National Association of State Utility Consumer Advocates  
19 (NASUCA). In 1991, I completed two graduate level income tax courses  
20 offered by Drake University.

21 **Q: What is the purpose of your testimony?**

22 A: The purpose of my testimony is to discuss Iowa Utilities Board (IUB) statutes

1 and rules regarding general service requirements and customer relations, and  
2 my assessment of Interstate Power and Light Company's (IPL) compliance to  
3 those statutes and rules in dealing with a spike in customer complaints  
4 regarding estimated bills, resulting from IPL's new billing system (CCB) and  
5 shortage of personnel. In preparation for my testimony, I reviewed complaints  
6 filed by IPL customers, IPL's responses to complaints, and Data Responses  
7 Nos. 1-12, 14-22, and 24-36 attached as Schedule A, pages 1 through 105.

8 **Q: Have you prepared schedules in support of your testimony?**

9 A: Yes. I have prepared and filed OCA Exhibit Turner Direct, Schedules A  
10 through F in support of and attached to my testimony.

11 **Q: How many customer complaints have been filed with the IUB resulting**  
12 **from IPL's new billing system?**

13 A: At the time this testimony was prepared, over 350 complaints have been filed.  
14 The complaints are generally related to estimated billings well below actual  
15 usage and high true-up bills.

16 **Q: Is there evidence to show that the amount of complaints about IPL's**  
17 **service to customers has increased over the amount realized a year ago?**

18 A: Yes. As shown on my Schedule B, there were 132 complaints filed with the  
19 IUB in 2013, 163 complaints filed with the IUB in 2014, and 190 complaints  
20 filed with the IUB in 2015. Of those totals, IPL-related complaints totaled 29  
21 in 2013, 35 in 2014, and 39 in 2015. Contrasting the 2013 to 2015 complaint  
22 totals to over 350 complaints filed against IPL in 2016 shows that IPL's billing

1 system problem has developed into a significant issue (the vast majority of  
2 these complaints are related to estimated billing results and large true-up bills).

3 **Q: Is IPL required to provide reasonably adequate service at rates and**  
4 **charges in accordance with tariffs filed with the IUB?**

5 A: Yes as made clear by the Iowa Code Section 476.3 (2015), “A public utility  
6 shall furnish reasonably adequate service at rates and charges in accordance  
7 with tariffs filed with the board.”

8 **Q: Has IPL realized some difficulty in complying with IUB rules in providing**  
9 **service and rendering bills to all customers this past summer in order to**  
10 **provide adequate service at rates and charges in accordance with tariffs**  
11 **filed with the IUB?**

12 A: Yes. Presumably due to a shortage of resources and the implementation of a  
13 new billing system, IPL estimated a substantial number of customer’s bills  
14 over several months including many bills in which IPL had actual and correct  
15 billing information. IPL rendered inaccurate bills in violation of tariffs filed  
16 with the IUB. As shown on my Schedule C, in 8.5 months, under IPL’s new  
17 CCB billing system, the total number of estimated bills issued by IPL has  
18 increased from the number of bills estimated under 10.5 months of IPL’s old  
19 billing system (CIS). Under the new CCB billing system, IPL has issued  
20 233,809 estimated bills (over 90,000 more than it issued under the old CIS  
21 system over the preceding 10.5 months). IPL issued 93,312 estimated bills for  
22 meters it never read primarily due to staffing issues. Under the new CCB

1 billing system, IPL had another 115,830 bills in which it had actual verified  
2 reads but the bills were estimated anyway.

3 **Q: What has caused IPL to submit so many estimated bills?**

4 A: First, IPL has indicated in a number of complaint responses it was unable to  
5 obtain a read because of staffing issues which resulted in estimated billings.  
6 Second, IPL's new billing system, as I mentioned earlier, flagged for  
7 submission a significantly large number of actual verified reads. As described  
8 in IPL's response to OCA's Data Requests Nos. 11 and 14 in my Schedule A,  
9 pages 52-55 and 58-60. IPL had insufficient resources available to fully  
10 address the number of bills flagged for manual review. As a result of IPL  
11 programmed procedures, IPL greatly underestimated the bills instead of using  
12 the actual reads. Based upon the number of complaints, the large number of  
13 estimates are disruptive to IPL's customers and requires correction.

14 **Q: Are there other problems that have arisen with the estimated bills?**

15 A: Yes, several other IPL issues have exacerbated the problem.

16 **Q: Please explain.**

17 A: First, IPL instituted a three-step logic to determine an appropriate billing  
18 amount when an estimate is made. As shown on my Schedule A, pages 46-49,  
19 IPL response to OCA Data Request No. 9, IPL states that it calculates bill  
20 estimates using the following 3-step logic:

- 21 1. Use average daily usage from the same month of the prior year  
22 or, if not available,

- 1                   2.       Use the average daily usage from the prior month or, if not
- 2                               available, and
- 3                   3.       Use the historical trends of customers in similar geographic
- 4                               locations.

5       The logic used by IPL greatly underestimated the bills due to customers. First,

6       it fails to take into account the that same month from the prior year may not be

7       indicative of the current year and month's average daily usage due to differing

8       temperatures. Second, the average daily usage from the prior month fails to

9       take into account change in uses, for example when air conditioning and

10       heating are first used. IPL has indicated that both of these failures in its logic

11       caused estimated billings to be substantially understated. (*See my*

12       Schedules D, E, and F).

13   **Q:    What is another problem that have arisen with the estimated bills?**

14   A:    According to IPL's supplemental response to OCA Data Request No. 4 in my

15       Schedule A, pages 28-30, in just June to October 2016, 170,828 IPL customers

16       received estimated bills. Many of the complaints indicated customers received

17       two or three estimated bills in a row. (*See IPL response to OCA Data Request*

18       No. 4). The large number of estimated bills and the many instances of multiple

19       estimated bills for a single customer create the potential for even a larger

20       problem if the estimated billing usages prove to be inaccurate. This was in fact

21       what happened and many customers received large true-up billings. The

22       estimated billings were inaccurate and IPL's customers were caught unaware

1 and facing large true-up bills.

2 **Q: According to your Schedule A, how many customers have received three**  
3 **estimated bills in a row during the entire 18-month period?**

4 A: In IPL's supplemental response to OCA Data Request No. 4, 18,742 customers  
5 received three estimated bills in a row. It is not clear what months these  
6 customers received three estimated bills in a row, but many of the 2016  
7 complaints stated that they had received three estimated bills in a row.  
8 Multiple estimated bills creates the potential for even a larger problem if the  
9 estimated billing usages prove to be extremely inaccurate and result in larger  
10 true-up bills.

11 **Q: Please explain the billing system procedure problem.**

12 A: Once the bills were flagged, IPL had insufficient personnel to perform the  
13 required manual review. IPL issued estimated bills for the flagged actual reads  
14 and then purged the flagged bills from the queue as shown on the response to  
15 OCA Data Request No. 6. (*See* my Schedule A, pages 40-43). The customers  
16 suffered when the accurate bill reads were flagged, not timely reviewed, and  
17 then ignored. Customers further suffered when IPL, in the second and third  
18 consecutive months, received accurate bill reads that were also flagged, not  
19 timely reviewed, and ignored again.

20 **Q: Could customers have avoided large true-ups due to low usage estimates**  
21 **by implementing energy efficiency opportunities?**

22 A: Yes. However there was no reason or price signal provided to encourage more

1 energy efficient behavior until it was too late. In fact, the signals provided to  
2 customers probably convinced them that they were already being quite  
3 efficient without the future knowledge that they would be charged large true-up  
4 bills later.

5 **Q: Are bills to be issued based upon actual usage computations?**

6 A: Yes. According to Board rule 199 IAC 20.3(1)(a):

7 All electricity sold by a utility shall be on the basis of meter  
8 measurement except:

9 (1) Where the consumption of electricity may be readily computed  
10 without metering; or

11 (2) For temporary service installations.

12 The rule states that all electricity sold shall be measured on a meter  
13 basis except for two exceptions. The rule does not permit the utility to  
14 arbitrarily issue estimated bills simply because the actual usage is abnormal.  
15 Certainly, if the usage calculated is not accurate, the utility should seek to  
16 correct the calculation, but not without good reason. Responses from IPL to  
17 the complaints indicate the actual read bills IPL ignored were, in fact, correct.

18 **Q: Are there circumstances that would permit estimated billing?**

19 A: Yes. Board rule 199 IAC 20.3(6) states:

20 Readings of all meters used for determining charges and  
21 billings to customers shall be scheduled at least monthly  
22 and for the beginning and termination of service...If an  
23 actual meter reading cannot be obtained, the utility may  
24 render an estimated bill without reading the meter or  
25 supplying a meter reading form to the customer. Only in  
26 unusual cases or when approval is obtained from the  
27 customer shall more than three consecutive estimated  
28 bills be rendered.



1           However, this rule states that “readings of meters used for determining charges  
2           and billings to customers shall be scheduled at least monthly.” Lack of  
3           resources for manual reads and ignoring actual reads that were correct are not  
4           circumstances permitting estimated readings.

5       **Q:   In general, do the complaints stem from the fact that IPL estimated bills?**

6       A:   Yes. IPL underestimated bills, sometimes over multiple months, and created  
7           the need to eventually charge considerably large true-up bills.

8       **Q:   How should IPL address the large number of estimates?**

9       A:   First, IPL should read all meters on a monthly basis. IPL should address any  
10          resource issues to ensure lack of resources do not cause problems for its  
11          customers. Second, IPL should review the CCB billing system, its flagging  
12          protocols, its estimated billing logic, and ensure sufficient resources are  
13          available to review the bills flagged. Third, IPL should review its estimated  
14          billing logic which is used on all estimates. Finally, it should not send  
15          estimates when actual reads are available until the actual reads are reviewed for  
16          accuracy.

17      **Q:   Is IPL required to be prompt and courteous during the process of**  
18      **resolving inquiries for information and complaints?**

19      A:   Yes. Board rule 199 IAC 20.4(2) requires that “each utility shall promptly and  
20          courteously resolve inquiries for information or complaints.”

21      **Q:   Has IPL been prompt and courteous to the customers that have filed**  
22      **complaints?**

1 A: Not in all cases. In many cases customers complained of long telephone wait  
2 times, often in excess of one hour. From looking over the complaints, there is  
3 a great deal of frustration and anger. Many customers have complained that  
4 accurate billing is not provided in a timely manner. Others have constructed  
5 new homes with no prior usage history, and yet they were charged for  
6 estimated usage that turned out to be much lower than actual. After three  
7 months, these customers received an extremely large three-month true-up  
8 adjustment. Still others complained that actual readings were taken but IPL  
9 continued to estimate the bill, which also required a large true-up. Although  
10 IPL seems to be responding and reacting to the complaints promptly, the delay  
11 in correcting the problem has caused a great deal of anguish and economic  
12 hardship to customers.

13 **Q: Has IPL offered reasonable payment agreements as required by Board**  
14 **rule 199 IAC 20.4(11) “b”?**

15 A: Some of the customers that have filed complaints have stated that IPL has  
16 offered a payment agreement. The issue did not focus upon a reasonable  
17 calculation of the agreement, but instead upon who was responsible for  
18 creating the large under-collection. Customers have complained that under-  
19 collections were realized due to IPL’s error, not their own action. Two to three  
20 months later, the customer is suddenly confronted from a large bill that is  
21 difficult for them to pay. The large bill resulted from IPL’s inaccurate  
22 estimate, not the customer’s non-payment of any bill.

1 **Q: Would a level payment plan alleviate some of the problem?**

2 A: Yes, it might. Levelizing the payments over 12 months would reduce the need  
3 to pay the entire under-collection immediately and should not produce bills that  
4 are extremely high. Furthermore, the customer would pay for no more than  
5 their actual usage. Nevertheless, as many customers have stated, the issue  
6 arose due to IPL's actions, not their own. IPL's back billing of the under-  
7 collection has created either a hardship to customers or it has required them to  
8 unnecessarily change their payment practices which were neither improper nor  
9 erroneous. The payment practice change could require customers to readjust  
10 their budgets when they could have avoided the situation with the provision of  
11 accurate information.

12 **Q: Has IPL denied or disconnected service due to any underpayment**  
13 **resulting from the low estimates that created the underpayment?**

14 A: According to IPL's response to OCA Data Request No. 34 as shown on my  
15 Schedule A, pages 101 and 102, IPL disconnected 1,013 customers following a  
16 true-up bill between June and September of 2016. Board rule 199 IAC  
17 20.4(16) "f" states that "failure to pay a bill rendered in accordance with  
18 paragraph 20.4(14) "f" (when a customer has been undercharged as a result of  
19 incorrect reading of the meter) is an insufficient reason for denying service". If  
20 these customers were disconnected due to their failure to pay an  
21 underestimated bill, IPL would be in violation of Board rule 199 IAC 20.4(16)  
22 "f".

1 **Q: Has IPL asked for and been provided with a waiver to essentially forgive**  
2 **any late payment fee from October 26, 2016 through December 31, 2016?**

3 A: Yes. I consider this a good faith effort by IPL to alleviate the hardship to  
4 customers due to the large true-up of estimated bills.

5 **Q: Has IPL asked for and been provided with a waiver to essentially issue a**  
6 **moratorium on disconnection of service through December 31, 2016?**

7 A: Yes. I also consider this a good faith effort by IPL to alleviate the hardship to  
8 customers resulting from the large true-up of estimated bills which essentially  
9 allows customers more time to pay the large true-up balances.

10 **Q: What do you conclude regarding IPL's large increase in estimated billings**  
11 **and customer complaints?**

12 A: I conclude that IPL requires more personnel resources to allow it to read all  
13 meters timely, review all customer bills that the new CCB system flags for  
14 manual review, and respond timely to customer calls and complaints. IPL also  
15 needs to review its parameters for high/low validation and its 3-step logic to  
16 estimate a customer's bill. Finally, IPL needs to fulfill its duties to its  
17 customers to provide accurate monthly billings.

18 **Q: How does a shortage of personnel resources affect IPL and its customers?**

19 A: IPL's shortage of personnel resources for meter reading and reviewing flagged  
20 bills is actually beneficial to IPL. IPL substituted estimated bills for the  
21 shortages which cost IPL nothing and saved personnel expenses which lead to  
22 increased margins. Customers were detrimentally affected because the

1 estimates understated actual billing, provided no opportunity or signal to adjust  
2 consumption behavior, and resulted in large true-ups.

3 **Q. What are your recommendations to the Iowa Utilities Board?**

4 A: I suggest the Iowa Utilities Board require IPL to submit to the Board proposed  
5 substantive changes addressing shortages in resources, and its estimated billing  
6 and logic procedures, to put IPL on written notice of specific violations of  
7 Iowa Code Chapter 476 (2015) and Board rules, and to consider the adverse  
8 impact to IPL's customers of the estimated billing procedures in IPL's next  
9 rate proceeding.

10 **Q: Does this conclude your testimony at this time?**

11 A: Yes, it does.

**STATE OF IOWA                    )**  
**)**       **SS: AFFIDAVIT OF BRIAN W. TURNER**  
**COUNTY OF POLK                )**

I, Brian W. Turner, being first duly sworn on oath, depose and state that I am the same Brian W. Turner identified in the foregoing Direct Testimony; that I have caused the foregoing Direct Testimony to be prepared and am familiar with the contents thereof, and that the foregoing Direct Testimony as identified therein is true and correct to the best of my knowledge, information and belief as of the date of this Affidavit.

/s/ Brian W. Turner  
Brian W. Turner

Subscribed and sworn to before me, A Notary Public, in and for said County and State, this 14<sup>th</sup> day of November 2016.

/s/ Craig F. Graziano  
Notary Public

My Commission expires: June 14, 2017.